

State Liquor Dispensary

Analyst: Milstead

Historical Summary

OPERATING BUDGET	FY 2002 Total App	FY 2002 Actual	FY 2003 Approp	FY 2004 Request	FY 2004 Gov Rec
BY FUND CATEGORY					
Dedicated	11,143,200	10,379,200	10,090,100	10,667,700	10,561,700
Percent Change:		(6.9%)	(2.8%)	5.7%	4.7%
BY OBJECT OF EXPENDITURE					
Personnel Costs	6,624,300	6,325,100	6,776,600	7,096,700	7,058,600
Operating Expenditures	3,812,600	3,333,500	2,917,300	3,156,800	3,088,900
Capital Outlay	706,300	720,600	396,200	414,200	414,200
Total:	11,143,200	10,379,200	10,090,100	10,667,700	10,561,700
Full-Time Positions (FTP)	145.00	145.00	148.00	152.00	152.00

Division Description

The goals of the Liquor Dispensary are to provide the more popular brands of liquor at a uniform, statewide price and the less popular brands by special order; to renovate and modernize state stores and to establish new state stores and contract agencies as needed; to fund special state projects; and to distribute surplus revenue as directed by law and legislative action.

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2003 Original Appropriation	148.00	0	10,090,100	148.00	0	10,090,100
Reappropriations	0.00	0	767,500	0.00	0	767,500
FY 2003 Total Appropriation	148.00	0	10,857,600	148.00	0	10,857,600
Removal of One-Time Expenditures	0.00	0	(1,201,700)	0.00	0	(1,201,700)
FY 2004 Base	148.00	0	9,655,900	148.00	0	9,655,900
Employee Benefit Costs	0.00	0	113,100	0.00	0	131,600
General Inflation	0.00	0	67,900	0.00	0	0
Replacement Items	0.00	0	329,200	0.00	0	329,200
Nonstandard Adjustments	0.00	0	44,600	0.00	0	44,600
Change in Employee Compensation	0.00	0	56,600	0.00	0	0
FY 2004 Program Maintenance	148.00	0	10,267,300	148.00	0	10,161,300
1. New Stores and FTPs	4.00	0	400,400	4.00	0	400,400
FY 2004 Total	152.00	0	10,667,700	152.00	0	10,561,700
Change from Original Appropriation	4.00	0	577,600	4.00	0	471,600
% Change from Original Appropriation			5.7%			4.7%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2003 Original Appropriation	148.00	0	10,090,100	0	10,090,100
Reappropriations					
Agency Request	0.00	0	767,500	0	767,500
Governor's Recommendation	0.00	0	767,500	0	767,500
FY 2003 Total Appropriation					
Agency Request	148.00	0	10,857,600	0	10,857,600
Governor's Recommendation	148.00	0	10,857,600	0	10,857,600
Removal of One-Time Expenditures					
This reflects the removal of one-time expenditures including the FY 2003 reappropriation for the Enterprise Accounting System (\$767,500) and one-time operating expenditures and capital outlay (\$434,200).					
Agency Request	0.00	0	(1,201,700)	0	(1,201,700)
Governor's Recommendation	0.00	0	(1,201,700)	0	(1,201,700)
FY 2004 Base					
Agency Request	148.00	0	9,655,900	0	9,655,900
Governor's Recommendation	148.00	0	9,655,900	0	9,655,900
Employee Benefit Costs					
Includes the employer portion of estimated changes in employee benefit costs. Most of this increase is due to a projected 14.7% increase in health insurance costs.					
Agency Request	0.00	0	113,100	0	113,100
The Governor also recommends additional funding to be applied to the employee paid portion of health and dental insurance cost increases, in order to prevent employees from experiencing a reduction in take-home pay.					
Governor's Recommendation	0.00	0	131,600	0	131,600
General Inflation					
Reflects a general inflation increase of 2.4% in operating expenditures.					
Agency Request	0.00	0	67,900	0	67,900
The Governor recommends no increase for general inflation, and a 3% increase for medical inflation.					
Governor's Recommendation	0.00	0	0	0	0
Replacement Items					
Reflects remodeling, painting and re-carpeting older state stores (\$156,700); replace worn display shelves and checkout counters (\$28,000); replace the District 2 Manager's vehicle (SUV--\$28,000); and replace store point-of-sale (POS) equipment in one-third of stores (\$116,500). (The replacement POS equipment includes 54-CPUs with modems and network cards, 18 monitors, 18 printers, 36 scanners and 36 receipt printers).					
Agency Request	0.00	0	329,200	0	329,200
Governor's Recommendation	0.00	0	329,200	0	329,200
Nonstandard Adjustments					
Reflects \$52,100 for the contractual rent increases in 51 state liquor store leases. Also reflects adjustments in Attorney General, State Controller, Treasurer fees and Risk Management costs..					
Agency Request	0.00	0	44,600	0	44,600
Governor's Recommendation	0.00	0	44,600	0	44,600

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent (\$51,700) and group positions (\$4,900).					
Agency Request	0.00	0	56,600	0	56,600
<i>The Governor does not recommend new funding for state employee pay increases. Compensation increases may be funded with agency salary savings wherever possible.</i>					
Governor's Recommendation	0.00	0	0	0	0
FY 2004 Program Maintenance					
Agency Request	148.00	0	10,267,300	0	10,267,300
Governor's Recommendation	148.00	0	10,161,300	0	10,161,300

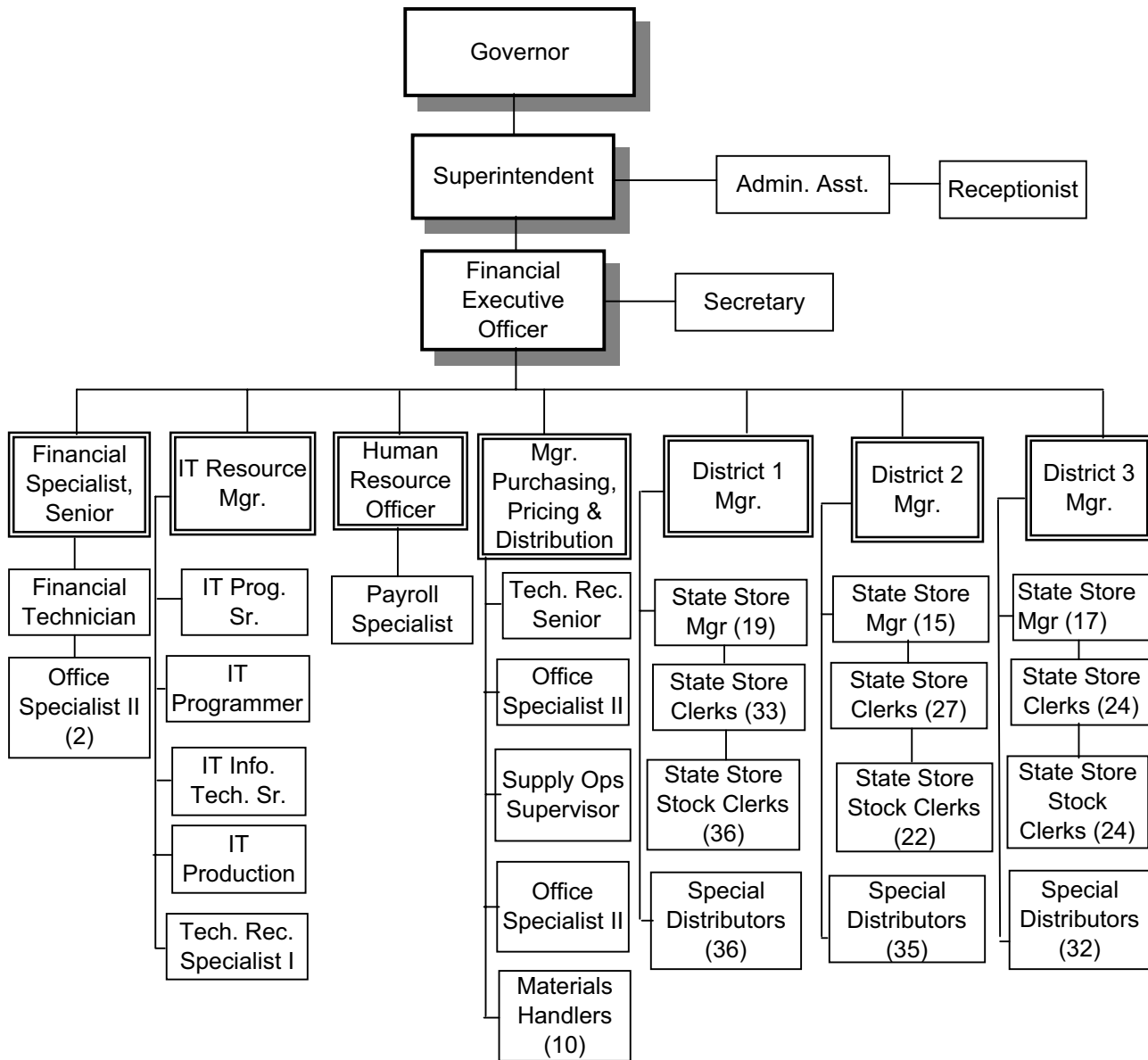
1. New Stores and FTPs

This enhancement provides \$400,400 in dedicated funding for two new state liquor stores in the Boise/Meridian area. These funds are apportioned in the following manner: 4.0 FTPs and \$150,400 for personnel costs (this includes two store managers and two store clerks); \$165,000 in operating costs for rent, utilities, and other expenses; and, \$85,000 in one-time capital outlay expenditures for leasehold improvements, display shelving, furnishings, and computers. The agency notes that population and sales growth are increasing rapidly in Ada and Canyon counties and that two additional stores are needed to maintain current service levels in these areas. (\$315,400 on-going; \$85,000 one-time).

Agency Request	4.00	0	400,400	0	400,400
Governor's Recommendation	4.00	0	400,400	0	400,400

FY 2004 Total					
Agency Request	152.00	0	10,667,700	0	10,667,700
Governor's Recommendation	152.00	0	10,561,700	0	10,561,700
Agency Request					
Change from Original App	4.00	0	577,600	0	577,600
% Change from Original App	2.7%		5.7%		5.7%
Governor's Recommendation					
Change from Original App	4.00	0	471,600	0	471,600
% Change from Original App	2.7%		4.7%		4.7%

Liquor Dispensary Organizational Chart



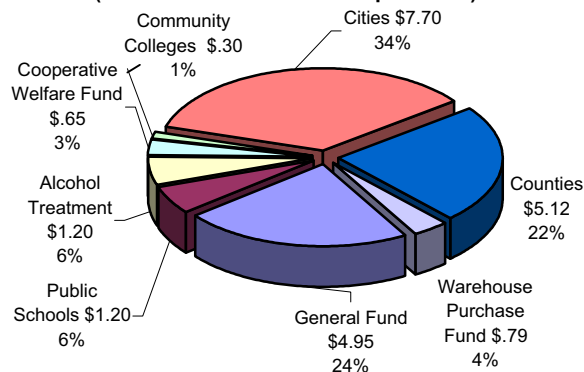
Liquor Dispensary Issues & Information

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Liquor Dispensary Performance Data

Selected Measures	FY 2000	FY 2001	FY 2002	FY 2003 est.
1. Maintain moderate per capita alcohol use				
License States (gallons per capita)	1.31	1.32	1.32	1.32
Control States (gallons per capita)	1.10	1.11	1.12	1.12
Idaho (gallons per capita)	1.00	0.97	1.00	1.00
2. Number of new products introduced	57	44	46	60
3. State-owned stores	50	51	51	52
4. Contract stores (pay for inventory when sold)	103	104	103	100
5. Retail stores (pay for inventory when received)	1	0	0	0
6. Total number of outlets	154	155	154	152
7. Total gross liquor sales (millions)	\$65.57	\$69.71	\$73.62	\$77.04
8. Total liquor sales (millions of gallons)	1.33	1.35	1.39	1.42
9. Cost of Product (millions)	\$35.32	\$37.44	\$39.35	\$41.87
10. Total operating expenses (millions)	\$10.36	\$10.81	\$10.40	\$10.90
11. Operating costs as a percent of sales	15.8%	15.5%	16.3%	15.2%
12. Interest and other earnings	\$350,000	\$390,000	\$360,000	\$350,000
13. Total distributions (millions)	\$19.9	\$20.3	\$21.1	\$22.2
14. Distributions as a percent of gross sales	30.3%	29.1%	28.7%	28.8%
15. General Fund distribution (millions)	\$4.95	\$4.95	\$4.95	\$4.95
16. Public School distribution (millions)	\$1.20	\$1.20	\$1.20	\$1.20
17. Alcoholism treatment fund distribution (millions)	\$1.20	\$1.20	\$1.20	\$1.20
18. Cooperative welfare fund distribution (millions)	\$0.65	\$0.65	\$0.65	\$0.65
19. Community College distribution (millions)	\$0.30	\$0.30	\$0.30	\$0.30
20. Cities distribution (millions)	\$6.36	\$7.20	\$7.68	\$8.31
21. County distribution (millions)	\$4.24	\$4.80	\$5.12	\$5.54
22. Permanent Building Fund (millions)	\$1.00	\$0.00	\$0.00	\$0.00
23. Warehouse Purchase Fund (millions)	\$0.00	\$0.79	\$0.79	\$0.79

FY 2002 Profit Distribution (in millions)
Total - \$21.1 million
(Does not reflect warehouse purchase)



Statutory Profit Distribution Formula:

Annual fixed distributions totaling \$8,295,000 to General Fund, Public Schools, Alcohol Treatment Fund, Cooperative Welfare Fund and Community Colleges.

Remainder of profits distributed as follows:

- 40% to counties in proportion to sales in each county.
- 60% to cities as follows:
 - 90% to those incorporated cities with liquor stores in proportion to sales.
 - 10% to those incorporated cities without liquor stores in proportion to population.

Note: Legislation in 2000 transferred \$.79 million to the Liquor Warehouse Purchase Fund for FY 2001, 2002, and 2003.